

JUMBO MINING COMPANY
Austin, Texas 78759
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Mr. James W. Carter
Director
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center - Suite 350
Salt Lake City, Utah 84180-1203

*cc JWC
JH
big mine file*
7-26-94
July 22, 1994
File: DOG07224

Re: Drum Mine--Millard County--M/027/007

Dear Mr. Carter:

Thank you for your letter dated June 30, 1994 in which you advise that the Division is prepared to assist Jumbo Mining Company on a prioritized schedule to finalize the full permit transfer process for the Drum Mine.

Please be advised that contrary to the implications contained in the letter which you have received from Mr. Alfors, representing Western, a final appealable judgment was not issued until July 15, 1994. Although Judge Woodford did issue Findings of Fact and Conclusions of Law and Judgment on May 16, 1994, Western subsequently filed various motions asking for reconsideration of the Judge's denial of Western's requests for damages and attorneys' fees, and these filings by Western have had the effect of delaying the finality of the Judgment. Only on July 15, 1994 did Judge Woodford deny Western's requests for reconsideration of his earlier refusal to award Western any damages, expenses, or legal fees.

After the Judge's final rulings, Colorado law provides for an automatic ten day stay of the Judgment, and for sixty days in which Jumbo may file an appeal, with or without further stay of the appealed Judgment. Needless to say, we are firmly convinced that Judge Woodford erred as a matter of law in reaching this decision and we intend to exercise our full rights of appeal under the Colorado law.

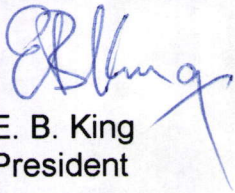
Further, we would like further to point out that, even if the Judgment were to survive appeal, the Judgment as written does not make Jumbo liable for ground water contamination by Western, or for any other hidden items which were undiscovered by Jumbo as of the date of closing of the purchase contract with Western. These items remain to be resolved between Western and the State of Utah.

Please rest assured that we will contact you immediately after the subject of an appeal and any further stay of Judgment related thereto has been decided.

As always, it remains our intention to act as a fully responsible corporate citizen in the State of Utah, and to take care of any and all reclamation and permitting tasks for which we are responsible. It is not our intention, nor do we feel that we have any contractual obligation to indemnify Western States Minerals Corporation for permit violations which occurred prior to our purchase of the property.

Thank you for your continued cooperation and understanding on this matter.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "E. B. King", with a stylized flourish extending from the end.

E. B. King
President

cc: With copy of Order Denying Plaintiff's Motion for Amendment of Findings and Judgment:

Rody Cox, BLM Warm Springs RA
Lowell Braxton, DOGM
Bill Richards, Esq. DOGM
Don A. Ostler, DWQ

cc: ZLSamay (w/o attachment)
DHartshorn